



# MEMORANDUM

To: Members of the House Committee on Tax Policy



From: Michigan Association of School Boards  
Michigan Education Association  
Middle Cities Education Association  
Michigan Association of School Administrators  
Michigan Association of Intermediate School Administrators  
AFT Michigan  
Michigan Elementary and Middle School Principals Association  
Michigan Association of Secondary School Principals



RE: Opposition to House Bill 4645

Date: October 28, 2015



We write today in opposition to House Bill 4645 which would exempt the transfer of residential property from the “pop-up” tax if it is being transferred between and LLC and a party related to at least one member of the LLC. This bill would have an adverse effect on property tax collections at the local level.



Our concerns lie in the bigger picture. While these particular bills may only cause a small decrease local property taxes, when added to the many other policies passed in recent years, revenue streams to the School Aid Fund and local schools continue to be eroded.



Last session seven new laws were signed that totaled over \$160 million in cuts to SAF revenue. There were 13 other laws signed that each had an indeterminate negative affect on local property tax and School Aid Fund revenue.

This session, committees in the House have passed bills that cut at least \$46 million annually and six bills for which the negative effect is indeterminate (list attached).



We urge you to look very closely at this bill and similar ones and the collateral damage they have over time. Our schools will continue to see cuts if the School Aid Fund does not receive the revenue necessary to support our students and communities.



We urge you to oppose these bills until our local schools are held harmless by the cut proposed.

If you have any questions, please feel free to contact any of us in the education community listed.

Legislation passed by the House and House Committees since January 2015 that affect the School Aid Fund or local school property tax revenue (does not include bills that had hearings but no votes, or bills passed by the Senate). All figures are based on a Senate or House Fiscal Agency analysis.

**Natural Resources:**

SB217 (PA107'15) – modify definition of qualified forest to exempt from property tax  
Amount of loss unknown

**Roads and Economic Development:**

SB414 – allow for roll back of income tax rate  
Amount of loss unknown

**Tax Policy:**

SB81 - eliminate the requirement to pay school operating mills on foreclosed properties  
\$15-25 Million loss to SAF

SB369-370 – exempt industrial processing from sales and use tax  
Amount of loss unknown

HB4018-4019 – eliminate sales and use taxes on prewritten software  
\$31-36 Million loss to SAF

HB4124 – pension tax bracket to remain the same upon spouse's death  
Amount of loss unknown

HB4173 – changes to real estate transfer tax exemptions  
Amount of loss unknown

HB4677 – allow agricultural parcel to be split into non-agriculture for property tax purposes  
Amount of loss unknown

**These few bills total a minimal loss to the SAF of \$46 million annually.**

**6 bills have an unknown negative fiscal impact.**